CERTIFICATE OF EFS FILING UNDER 37 CFR §1.8
I hereby certify that this correspondence is being electronically transmitted to the United States Patent and Trademark Office, Commissioner for Patents, via the EFS pursuant to 37 CFR §1.8 on the below date:

Date: December 18, 2009 Name: Michael Dreznes Signature: /Michael Dreznes/

Our Case No. **10022/142**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:

Kelly L. Dempski et al.

Serial No. 09/924,669

Filing Date: August 8, 2001

For ENHANCED CUSTOM CONTENT TELEVISION

Examiner: Chowdhury, Sumaiya

Group Art Unit No. 2421

Conf. No. 3664

REQUEST FOR RECONSIDERATION OF PATENT TERM ADJUSTMENT PURSUANT TO 37 C.F.R. § 1.705(d)

Mail Stop Patent Ext
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Dear Sir:

U.S. Patent No. 7,631,327 ("the '327 patent") was issued on December 8, 2009. Pursuant to 35 U.S.C. § 154(b), the United States Patent and Trademark Office (PTO) has calculated a patent term adjustment of 865 days. A copy of the issue notification for the '327 patent is included herewith as Exhibit A.

Assignee believes that the patent term adjustment should be 1,535 days. For the reasons stated herein, Assignee respectfully requests reconsideration of this patent term adjustment pursuant to 37 C.F.R. 1.705(d). Please charge the petition fee pursuant to 37 C.F.R. § 1.18(e) to

Deposit Account No. 23-1925. Please charge any additional fee required or credit for any excess fee paid to Deposit Account No. 23-1925.

The PTO calculated the patent term adjustment for the '327 patent based on activities and associated dates detailed in the Patent Application Information Retrieval (PAIR) system Patent Term Adjustment History, attached as Exhibit B. Assignee believes that errors and/or omissions in the calculation and/or the PAIR system Patent Term Adjustment History may have resulted in an incorrect patent term adjustment for the '327 patent as described in detail below. Pursuant to 37 C.F.R §1.705(d), Assignee files this request for reconsideration within two months of the issue date of the '327 patent. Note that the '327 patent is not subject to a terminal disclaimer.

Period of adjustment pursuant to 37 C.F.R. § 1.703(b)

The period of adjustment pursuant to 37 C.F.R. § 1.703(b) is the number of days in the period beginning on the day ("the 3 year date") after three years of the actual filing date.

The present application was filed on August 8, 2001 as evidenced by the official filing receipt attached as Exhibit C. The 3 year date determined pursuant to 37 C.F.R. § 1.703(b) is August 8, 2004. The '327 patent was issued on December 8, 2009. Assignee respectfully submits that the non-overlapping period of adjustment beyond the 3 year date is 731 days, under 37 C.F.R. § 1.703(b).

As indicated by the PAIR system Patent Term Adjustment History, attached as Exhibit B, the total delay by the U.S. Patent Office was 1149 days and the delay by the Assignee was 284 days. Based on those calculations, the PTO calculated the period of adjustment for the present application as 865 days. However, that period of adjustment only included 61 days of U.S.

Patent Office delay under the 3 year provision of 37 C.F.R. § 1.702(b). *See Wyeth et al. v. Dudas*, 88 USPQ 2d 1538 (D.D.C. 2008)(Exhibit D).

With regard to the 3 year provision, Assignee believes that the non-overlapping period of adjustment pursuant to 37 C.F.R. § 1.703(f) is 731 days. In particular, there is a period of 1100 days between the 3 year date (August 8, 2004) and the filing date of a Request for Continued Examination (August 13, 2007), but there also is overlap of 369 days with the 1100 day period. *See Id.* Under 37 C.F.R. § 1.702(b), the non-overlapping period of adjustment with respect to the 3 year provision is 1100 days – 369 days = 731 days. *See id.* The overlap of 369 days corresponds to 369 days between the 3 year date (August 8, 2004) and the mailing date of the first Office Action (August 12, 2005). Accordingly, Assignee respectfully requests that the PTO correct the patent term adjustment to include an additional 670 days of non-overlapping adjustment to the 61 days of non-overlapping adjustment previously granted.

Total patent term adjustment

For the present application, the total patent term adjustment pursuant to 37 C.F.R. § 1.703(f) is the period of adjustment pursuant to 37 C.F.R. § 1.703 reduced by any delay pursuant to 37 C.F.R. § 1.704. Thus, we believe that the patent term adjustment should be 865 days + 670 days = 1,535 days, instead of the 865 days indicated on the issue notification.

Assignee respectfully asserts that the patent term adjustment determined by the PTO for the '327 patent may not be correct. Accordingly, Assignee respectfully requests the U.S. Patent and Trademark office to reconsider, and make revisions to the PAIR system Patent Term Adjustment History in view of the previous remarks. In addition, it is respectfully requested that the patent term adjustment be re-calculated by the U.S. Patent and Trademark Office in view of the

above remarks. Office personnel are invited to contact Assignee via telephone if such communication would be beneficial in fulfilling this request.

Respectfully submitted,

/Michael G. Dreznes/
Michael G. Dreznes
Registration No. 59,965
Attorney for Assignee

BRINKS HOFER GILSON & LIONE
P.O. BOX 10395
CHICAGO, ILLINOIS 60610
(312) 321-4200

EXHIBIT A

UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	ISSUE DATE	PATENT NO.	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/924,669	12/08/2009	7631327	10022/142	3664

28164 7590 11/18/2009

ACCENTURE CHICAGO 28164
BRINKS HOFER GILSON & LIONE
P O BOX 10395
CHICAGO, IL 60610

ISSUE NOTIFICATION

The projected patent number and issue date are specified above.

Determination of Patent Term Adjustment under 35 U.S.C. 154 (b)
(application filed on or after May 29, 2000)

The Patent Term Adjustment is 865 day(s). Any patent to issue from the above-identified application will include an indication of the adjustment on the front page.

If a Continued Prosecution Application (CPA) was filed in the above-identified application, the filing date that determines Patent Term Adjustment is the filing date of the most recent CPA.

Applicant will be able to obtain more detailed information by accessing the Patent Application Information Retrieval (PAIR) WEB site (http://pair.uspto.gov).

Any questions regarding the Patent Term Extension or Adjustment determination should be directed to the Office of Patent Legal Administration at (571)-272-7702. Questions relating to issue and publication fee payments should be directed to the Application Assistance Unit (AAU) of the Office of Data Management (ODM) at (571)-272-4200.

APPLICANT(s) (Please see PAIR WEB site http://pair.uspto.gov for additional applicants):

Kelly L. Dempski, Evanston, IL;
Ryan C. Horner, Evanston, IL;
Dax A. Fohl, Mount Prospect, IL;

EXHIBIT B

Patent Term Adjustments

Patent Term Adjustment (PTA) for Application Number: 09/924,669

Filing or 371(c) Date:	08-08-2001	USPTO Delay (PTO) Delay (days):	1149
Issue Date of Patent:	-	Three Years:	-
Pre-Issue Petitions (days):	+0	Applicant Delay (APPL) Delay (days):	284
Post-Issue Petitions (days):	+0	Total PTA (days):	865
USPTO Adjustment(days):	+0	Explanation Of Calculations	

Patent Term Adjustment History

Date	Contents Description	PTO(Days)	APPL(Days)
11-18-2009	PTA 36 Months	61	
10-30-2009	Dispatch to FDC		
10-29-2009	Application Is Considered Ready for Issue		
10-27-2009	Issue Fee Payment Verified		
10-27-2009	Issue Fee Payment Received		
07-28-2009	Mail Notice of Allowance	41	
07-27-2009	Document Verification		
07-22-2009	Notice of Allowance Data Verification Completed		
07-22-2009	Case Docketed to Examiner in GAU		
05-04-2009	Appeal Brief Review Complete		
05-04-2009	Date Forwarded to Examiner		
04-07-2009	Appeal Brief Filed		
03-12-2009	Notice -- Defective Appeal Brief		
03-11-2009	Appeal Brief Review Complete		
03-11-2009	Date Forwarded to Examiner		
02-17-2009	Defective / Incomplete Appeal Brief Filed		
02-17-2009	Appeal Brief Filed		
01-14-2009	Mail Appeals conf. Proceed to BPAI		
01-13-2009	Pre-Appeals Conference Decision - Proceed to BPAI		
11-10-2008	Request for Pre-Appeal Conference Filed		
11-10-2008	Notice of Appeal Filed		48
11-10-2008	Request for Extension of Time - Granted		
10-09-2008	Mail Advisory Action (PTOL - 303)		
10-09-2008	Advisory Action (PTOL-303)		
10-06-2008	Case Docketed to Examiner in GAU		
09-29-2008	Date Forwarded to Examiner		
09-23-2008	Amendment after Final Rejection		
06-23-2008	Mail Final Rejection (PTOL - 326)	8	
06-21-2008	Final Rejection		
04-12-2008	Information Disclosure Statement considered		
04-12-2008	Information Disclosure Statement (IDS) Filed		57

04-14-2008	Date Forwarded to Examiner		↑
02-15-2008	Response after Non-Final Action		57
02-15-2008	Request for Extension of Time - Granted		↑
04-12-2008	Information Disclosure Statement (IDS) Filed		↑
09-20-2007	Mail Non-Final Rejection		↑
09-17-2007	Non-Final Rejection		
08-14-2007	Date Forwarded to Examiner		
08-14-2007	Date Forwarded to Examiner		
08-13-2007	Request for Continued Examination (RCE)		2
08-14-2007	DISPOSAL FOR A RCE/CPA/129 (express abandonment if CPA)		↑
08-13-2007	Workflow - Request for RCE - Begin		↑
05-11-2007	Mail Final Rejection (PTOL - 326)		↑
05-10-2007	Final Rejection		
05-08-2007	Mail Examiner Interview Summary (PTOL - 413)		
03-08-2007	Examiner Interview Summary Record (PTOL - 413)		
04-25-2007	Miscellaneous Incoming Letter		
03-30-2007	Mail Advisory Action (PTOL - 303)		
03-29-2007	Advisory Action (PTOL-303)		
03-26-2007	Date Forwarded to Examiner		
03-14-2007	Amendment after Final Rejection		
01-04-2007	Mail Final Rejection (PTOL - 326)		
12-26-2006	Final Rejection		
10-11-2006	Date Forwarded to Examiner		
09-28-2006	Response after Non-Final Action		27
09-28-2006	Request for Extension of Time - Granted		↑
06-01-2006	Mail Non-Final Rejection		↑
05-15-2006	Non-Final Rejection		
03-11-2003	Information Disclosure Statement considered		
09-23-2002	Information Disclosure Statement considered		
05-02-2002	Information Disclosure Statement considered		
12-10-2001	Information Disclosure Statement considered		
03-21-2006	Case Docketed to Examiner in GAU		
03-09-2006	Date Forwarded to Examiner		
02-13-2006	Response after Non-Final Action		93
02-13-2006	Request for Extension of Time - Granted		↑
08-12-2005	Mail Non-Final Rejection	1039	
08-08-2005	Non-Final Rejection	↑	
07-25-2005	Case Docketed to Examiner in GAU	↑	
07-25-2005	Case Docketed to Examiner in GAU	↑	
05-25-2005	Case Docketed to Examiner in GAU	↑	
05-11-2005	Case Docketed to Examiner in GAU	↑	

04-05-2005	Case Docketed to Examiner in GAU	
04-21-2004	IFW TSS Processing by Tech Center Complete	
04-21-2004	IFW TSS Processing by Tech Center Complete	
03-11-2003	Information Disclosure Statement (IDS) Filed	
03-11-2003	Information Disclosure Statement (IDS) Filed	
09-23-2002	Information Disclosure Statement (IDS) Filed	
09-23-2002	Information Disclosure Statement (IDS) Filed	
08-16-2002	New or Additional Drawing Filed	
05-02-2002	Information Disclosure Statement (IDS) Filed	
05-02-2002	Information Disclosure Statement (IDS) Filed	
04-23-2002	Case Docketed to Examiner in GAU	
12-10-2001	Information Disclosure Statement (IDS) Filed	
12-10-2001	Information Disclosure Statement (IDS) Filed	
12-06-2001	Case Docketed to Examiner in GAU	
12-06-2001	Case Docketed to Examiner in GAU	
09-19-2001	Application Dispatched from OIPE	
09-12-2001	Correspondence Address Change	
08-17-2001	IFW Scan & PACR Auto Security Review	
08-08-2001	Initial Exam Team nn	

Close Window

EXHIBIT C

UNITED STATES PATENT AND TRADEMARK OFFICE

COMMISSIONER FOR PATENTS
UNITED STATES PATENT AND TRADEMARK OFFICE
WASHINGTON, D.C. 20231
www.uspto.gov

APPLICATION NUMBER	FILING DATE	GRP ART UNIT	FIL FEE REC'D	ATTY.DOCKET.NO	DRAWINGS	TOT CLAIMS	IND CLAIMS
09/924,669	08/08/2001	2161	1204	10022/142	3	43	4

CONFIRMATION NO. 3664

FILING RECEIPT

OC000000006565078

BRINKS HOFER GILSON & LIONE
P.O. Box 10395
Chicago, IL 60610

Date Mailed: 09/17/2001

Receipt is acknowledged of this nonprovisional Patent Application. It will be considered in its order and you will be notified as to the results of the examination. Be sure to provide the U.S. APPLICATION NUMBER, FILING DATE, NAME OF APPLICANT, and TITLE OF INVENTION when inquiring about this application. Fees transmitted by check or draft are subject to collection. Please verify the accuracy of the data presented on this receipt. **If an error is noted on this Filing Receipt, please write to the Office of Initial Patent Examination's Customer Service Center. Please provide a copy of this Filing Receipt with the changes noted thereon. If you received a "Notice to File Missing Parts" for this application, please submit any corrections to this Filing Receipt with your reply to the Notice. When the USPTO processes the reply to the Notice, the USPTO will generate another Filing Receipt incorporating the requested corrections (if appropriate).**

Applicant(s)

Kelly L. Dempski, Evanston, IL;
Ryan C. Horner, Evanston, IL;
Dax A. Fohl, Mount Prospect, IL;

Assignment For Published Patent Application

Accenture Global Services GmbH;

Domestic Priority data as claimed by applicant

Foreign Applications

If Required, Foreign Filing License Granted 09/14/2001

Projected Publication Date: 02/13/2003

Non-Publication Request: No

Early Publication Request: No

Title

Enhanced custom content television

Preliminary Class

705

Data entry by : KIBERT, MULUEMEBET **Team :** OIPE **Date:** 09/17/2001

LICENSE FOR FOREIGN FILING UNDER
Title 35, United States Code, Section 184
Title 37, Code of Federal Regulations, 5.11 & 5.15

GRANTED

The applicant has been granted a license under 35 U.S.C. 184, if the phrase "IF REQUIRED, FOREIGN FILING LICENSE GRANTED" followed by a date appears on this form. Such licenses are issued in all applications where the conditions for issuance of a license have been met, regardless of whether or not a license may be required as set forth in 37 CFR 5.15. The scope and limitations of this license are set forth in 37 CFR 5.15(a) unless an earlier license has been issued under 37 CFR 5.15(b). The license is subject to revocation upon written notification. The date indicated is the effective date of the license, unless an earlier license of similar scope has been granted under 37 CFR 5.13 or 5.14.

This license is to be retained by the licensee and may be used at any time on or after the effective date thereof unless it is revoked. This license is automatically transferred to any related applications(s) filed under 37 CFR 1.53(d). This license is not retroactive.

The grant of a license does not in any way lessen the responsibility of a licensee for the security of the subject matter as imposed by any Government contract or the provisions of existing laws relating to espionage and the national security or the export of technical data. Licensees should apprise themselves of current regulations especially with respect to certain countries, of other agencies, particularly the Office of Defense Trade Controls, Department of State (with respect to Arms, Munitions and Implements of War (22 CFR 121-128)); the Office of Export Administration, Department of Commerce (15 CFR 370.10 (j)); the Office of Foreign Assets Control, Department of Treasury (31 CFR Parts 500+) and the Department of Energy.

NOT GRANTED

No license under 35 U.S.C. 184 has been granted at this time, if the phrase "IF REQUIRED, FOREIGN FILING LICENSE GRANTED" DOES NOT appear on this form. Applicant may still petition for a license under 37 CFR 5.12, if a license is desired before the expiration of 6 months from the filing date of the application. If 6 months has lapsed from the filing date of this application and the licensee has not received any indication of a secrecy order under 35 U.S.C. 181, the licensee may foreign file the application pursuant to 37 CFR 5.15(b).

PLEASE NOTE the following information about the Filing Receipt:

- The articles such as "**a**," "**an**" and "**the**" are not included as the first words in the title of an application. They are considered to be unnecessary to the understanding of the title.
- The words "**new**," "**improved**," "**improvements in**" or "**relating to**" are not included as first words in the title of an application because a patent application, by nature, is a new idea or improvement.
- The title may be truncated if it consists of more than 500 characters (letters and spaces combined).
- The docket number allows a maximum of 25 characters.
- If your application was submitted under 37 CFR 1.10, your filing date should be the "date in" found on the Express Mail label. If there is a discrepancy, you should submit a request for a corrected Filing Receipt along with a copy of the Express Mail label showing the "date in."
- The title is recorded in sentence case.

Any corrections that may need to be done to your Filing Receipt should be directed to:

Assistant Commissioner for Patents
Office of Initial Patent Examination
Customer Service Center
Washington, DC 20231

EXHIBIT D

88 USPQ2d 1538

Wyeth v. Dudas

U.S. District Court

District of Columbia

No. 07-1492 (JR)

Decided September 30, 2008

Headnotes

PATENTS

[1] Patent grant— Patent term extension; restoration (▶105.17)

JUDICIAL PRACTICE AND PROCEDURE

Procedure — Judicial review — Standard of review — Patents (▶410.4607.09)

U.S. Patent and Trademark Office's interpretation of 35 U.S.C. §154(b)(2)(A), which states that, to extent periods of delay in issuance of patent attributable to grounds specified in Section 154(b) overlap, period of patent term adjustment shall not exceed actual number of days issuance of patent was delayed, is not entitled to wide deference in accordance with *Chevron U.S.A. Inc. v. Natural Resources Defense Council Inc.*, 467 U.S. 837 (1984), since Section 154(b)(3)(A) states that authority of PTO is limited to prescribing "regulations establishing procedures for the application for and determination of patent term adjustments under this subsection," and PTO thus has not been granted power to elaborate on meaning of Section 154(b)(2)(A).

PATENTS

[2] Patent grant— Patent term extension; restoration (▶105.17)

Practice and procedure in Patent and Trademark Office — Prosecution — Rules and rules practice (▶110.0905)

Provisions of 35 U.S.C. §154(b)(2)(A), which state that, to extent periods of delay in issuance of patent attributable to grounds specified in Section 154(b) overlap, period of patent term adjustment shall not exceed actual number of days issuance of patent was delayed, have been improperly construed by U.S. Patent and Trademark Office to mean that period of delay under Section 154(b)(1)(B) runs from filing date of application, such that period of "B delay" always overlaps with any period of delay under Section 154(b)(1)(A), since language of statute provides that period of "B delay" begins when PTO has failed to issue patent within three years after filing date of application, not before, and since interpretation of statute must square with language therein, even if doing so may lead to "windfall" extensions of patent term.

Case History and Disposition

Action by Wyeth and Elan Pharma International Ltd. against Jon W. Dudas, in his capacity as Under Secretary of Commerce for Intellectual Property and Director of U.S. Patent and Trademark Office, challenging PTO's interpretation of 35 U.S.C. §154(b), which governs adjustments to length of patent term. PTO is held to have improperly construed statute.

Attorneys

David O. Bickart, of Kaye Scholer, Washington, D.C.; Patricia A. Carson, of Kaye Scholer, New York, N.Y., for plaintiffs.

Fred Elmore Haynes, U.S. attorney's office, Washington, for defendant.

Opinion Text

Opinion By:

Robertson, J.

Plaintiffs here take issue with the interpretation that the United States Patent and Trademark Office (PTO) has imposed upon 35 U.S.C. §154, the statute that prescribes patent terms. Section 154(a)(2) establishes a term of 20 years from the day on which a successful patent application is first filed. Because the

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clock begins to run on this filing date, and not on the day the patent is actually granted, some of the effective term of a patent is consumed by the time it takes to prosecute the application. To mitigate the damage that bureaucracy can do to inventors, the statute grants extensions of patent terms for certain specified kinds of PTO delay, 35 U.S.C. §154(b)(1)(A), and, regardless of the reason, whenever the patent prosecution takes more than three years. 35 U.S.C. §154(b)(1)(B). Recognizing that the protection provided by these separate guarantees might overlap, Congress has forbidden double-counting: "To the extent that periods of delay attributable to grounds specified in paragraph (1) overlap, the period of any adjustment granted under this subsection shall not exceed the actual number of days the issuance of the patent was delayed." 35 U.S.C. §154(b)(2)(A). Plaintiffs claim that the PTO has misconstrued or misapplied this provision, and that the PTO is denying them a portion of the term Congress has provided for the protection of their intellectual property rights.

Statutory Scheme

Until 1994, patent terms were 17 years from the date of issuance. *See* 35 U.S.C. §154 (1992) ("Every patent shall contain ... a grant ... for the term of seventeen years ... of the right to exclude others from making, using, or selling the invention throughout the United States... ."). In 1994, in order to comply with treaty obligations under the General Agreement on Tarriffs and Trade (GATT), the statute was amended to provide a 20-year term from the date on which the application is first filed. *See* Pub. L. No. 103-465, §532, 108 Stat. 4809, 4984 (1994). In 1999, concerned that extended prosecution delays could deny inventors substantial portions of their effective patent terms under the new regime, Congress enacted the American Inventors Protection Act, a portion of which -- referred to as the Patent Term Guarantee Act of 1999 -- provided for the adjustments that are at issue in this case. Pub. L. No. 106-113, §§4401-4402, 113 Stat. 1501, 1501A-557 (1999).

As currently codified, 35 U.S.C. §154(b) provides three guarantees of patent term, two of which are at issue here. The first is found in subsection (b)(1)(A), the "[g]uarantee of prompt Patent and Trademark Office response." It provides a one-day extension of patent term for every day that issuance of a patent is delayed by a failure of the PTO to comply with various enumerated statutory deadlines: fourteen months for a first office action; four months to respond to a reply; four months to issue a patent after the fee is paid; and the like. *See* 35 U.S.C. §154(b)(1)(A)(i)-(iv). Periods of delay that fit under this provision are called "A delays" or "A periods." The second provision is the "[g]uarantee of no more than 3-year application pendency." Under this provision, a one-day term extension is granted for every day greater than three years after the filing date that it takes for the patent to issue, regardless of whether the delay is the fault of the PTO. [1] *See* 35 U.S.C. §154(b)(1)(B). The period that begins after the three-year window has closed is referred to as the "B delay" or the "B period". ("C delays," delays resulting from interferences, secrecy orders, and appeals, are similarly treated but were not involved in the patent applications underlying this suit.)

[1] Certain reasons for exceeding the three-year pendency period are excluded, *see* 35 U.S.C. §154(b)(1)(b)(i)-(iii), as are periods attributable to the applicant's own delay. *See* 35 U.S.C. §154(b)(2)(C).

The extensions granted for A, B, and C delays are subject to the following limitation:

> *(A) In general.*—To the extent that periods of delay attributable to grounds specified in paragraph (1) overlap, the period of any adjustment granted under this subsection shall not exceed the actual number of days the issuance of the patent was delayed.

35 U.S.C. §154(b)(2)(A). This provision is manifestly intended to prevent double-counting of periods of delay, but understanding that intent does not answer the question of what is double-counting and

what is not. Proper interpretation of this proscription against windfall extensions requires an assessment of what it means for "periods of delay" to "overlap."

The PTO, pursuant to its power under 35 U.S.C. §154(b)(3)(A) to "prescribe regulations establishing procedures for the application for and determination of patent term adjustments," has issued final rules and an "explanation" of the rules, setting forth its authoritative construction of the double-counting provision. The rules that the PTO has promulgated essentially parrot the statutory text, *see* 37 C.F.R. §1.703(f), and so the real interpretive act is found in something the PTO calls its Explanation of 37 CFR 1.703(f) and of the United States Patent and Trademark Office Interpretation of 35 U.S.C. §154(b)(2)(A), which was published on June 21, 2004, at 69

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Fed. Reg. 34238. Here, the PTO "explained" that:

> the Office has consistently taken the position that if an application is entitled to an adjustment under the three-year pendency provision of 35 U.S.C. §154(b)(1)(B), *the entire period during which the application was pending before the Office* (except for periods excluded under 35 U.S.C. §154(b)(1)(B) (i)-(iii)), and not just the period beginning three years after the actual filing date of the application, *is the relevant period under 35 U.S.C. §154(b)(1)(B) in determining whether periods of delay "overlap" under 35 U.S.C. 154(b)(2)(A).*

69 Fed. Reg. 34238 (2004) (emphasis added). In short, the PTO's view is that any administrative delay under §154(b)(1)(A) overlaps any 3-year maximum pendency delay under §154(b)(1)(B): the applicant gets credit for "A delay" or for "B delay," whichever is larger, but never A + B.

In the plaintiffs' submission, this interpretation does not square with the language of the statute. They argue that the "A period" and "B period" overlap only if they occur on the same calendar day or days. Consider this example, proffered by plaintiff: A patent application is filed on 1/1/02. The patent issues on 1/1/08, six years later. In that six-year period are two "A periods," each one year long: (1) the 14-month deadline for first office action is 3/1/03, but the first office action does not occur until 3/1/04, one year late; (2) the 4-month deadline for patent issuance after payment of the issuance fee is 1/1/07, but the patent does not issue until 1/1/08, another year of delay attributable to the PTO. According to plaintiff, the "B period" begins running on 1/1/05, three years after the patent application was filed, and ends three years later, with the issuance of the patent on 1/1/08. In this example, then, the first "A period" does not overlap the "B period," because it occurs in 2003-04, not in 2005-07. The second "A period," which covers 365 of the same days covered by the "B period," does overlap. Thus, in plaintiff's submission, this patent holder is entitled to four years of adjustment (one year of "A period" delay + three years of "B period" delay). But in the PTO's view, since "the entire period during which the application was pending before the office" is considered to be "B period" for purposes of identifying "overlap," the patent holder gets only three years of adjustment.

Chevron Deference

We must first decide whether the PTO's interpretation is entitled to deference under *Chevron v. NRDC*, 467 U.S. 837 (1984). No, the plaintiffs argue, because, under the Supreme Court's holdings in *Gonzales v. Oregon*, 546 U.S. 243 (2006), and *United States v. Mead Corp.*, 533 U.S. 218 (2001), Congress has not "delegated authority to the agency generally to make rules carrying the force of law," and in any case the interpretation at issue here was not promulgated pursuant to any such authority. *See Gonzales*, 546 U.S. at 255-56, *citing Mead*, 533 U.S. at 226-27. Since at least 1996, the Federal Circuit has held that the PTO is not afforded *Chevron* deference because it does not have the authority to issue substantive rules, only procedural regulations regarding the conduct of proceedings before the agency. *See Merck & Co. v. Kessler*, 80 F.3d 1543, 1549-50 [38 USPQ2d 1347] (Fed. Cir. 1996).

[1] Here, as in *Merck*, the authority of the PTO is limited to prescribing "regulations establishing *procedures* for the application for and determination of patent term adjustments under this subsection." 35 U.S.C. §154(b)(3)(A) (emphasis added). Indeed, a comparison of this rulemaking authority with the authority conferred for a different purpose in the immediately preceding section of the statute makes it clear that the PTO's authority to interpret the overlap provision is quite limited. In 35 U.S.C. §154(b)(2)(C)(iii) the PTO is given the power to "prescribe regulations establishing the *circumstances that constitute* a failure of an applicant to engage in reasonable efforts to conclude processing or examination of an application" (emphasis added) -- that is, the power to elaborate on the meaning of a particular statutory term. No such power is granted under §154(b)(3)(A). *Chevron*

deference does not apply to the interpretation at issue here.

Statutory Construction

Chevron would not save the PTO's interpretation, however, because it cannot be reconciled with the plain text of the statute. If the statutory text is not ambiguous enough to permit the construction that the agency urges, that construction fails at *Chevron*'s "step one," without regard to whether it is a reasonable attempt to reach a result that Congress might have intended. *See, e.g., MCI v. AT&T*, 512 U.S. 218, 229 (1994) ("[A]n agency's interpretation of a statute is not entitled to deference

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when it goes beyond the meaning that the statute can bear.").

[2] The operative question under 35 U.S.C. §154(b)(2)(A) is whether "periods of delay attributable to grounds specified in paragraph (1) overlap." The only way that periods of time can "overlap" is if they occur on the same day. If an "A delay" occurs on one calendar day and a "B delay" occurs on another, they do not overlap, and §154(b)(2)(A) does not limit the extension to one day. Recognizing this, the PTO defends its interpretation as essentially running the "period of delay" under subsection (B) from the filing date of the patent application, such that a period of "B delay" *always overlaps* with any periods of "A delay" for the purposes of applying §154(b)(2)(A).

The problem with the PTO's construction is that it considers the application *delayed* under §154(b)(1)(B) during the period *before it has been delayed.* That construction cannot be squared with the language of §154(b)(1)(B), which applies "if the issue of an original patent is *delayed* due to the failure of the United States Patent and Trademark Office to issue a patent within 3 years." (Emphasis added.) "B delay" begins when the PTO has failed to issue a patent within three years, not before.

The PTO's interpretation appears to be driven by Congress's admonition that any term extension "not exceed the actual number of days the issuance of the patent was delayed," and by the PTO's view that "A delays" during the first three years of an applications' pendency inevitably lead to "B delays" in later years. Thus, as the PTO sees it, if plaintiffs' construction is adopted, one cause of delay will be counted twice: once because the PTO has failed to meet an administrative deadline, and again because that failure has pushed back the entire processing of the application into the "B period." Indeed, in the example set forth above, plaintiffs' calendar-day construction does result in a total effective patent term of 18 years under the (B) guarantee, so that – again from the PTO's viewpoint — the applicant is not "compensated" for the PTO's administrative delay, he is benefitted by it.

But if subsection (B) had been intended to guarantee a 17-year patent term and *no more*, it could easily have been written that way. It is true that the legislative context – as distinct from the legislative history — suggests that Congress may have intended to use subsection (B) to guarantee the 17-year term provided before GATT. But it chose to write a "[g]uarantee of no more than 3-year application pendency," 35 U.S.C. §154(b)(1)(B), not merely a guarantee of 17 effective years of patent term, and do so using language separating that guarantee from a different promise of prompt administration in subsection (A). The PTO's efforts to prevent windfall extensions may be reasonable — they may even be consistent with Congress's intent — but its interpretation must square with Congress's words. If the outcome commanded by that text is an unintended result, the problem is for Congress to remedy, not the agency.

- End of Case -